



# BUSINESS PLAN OUTLINE

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## **BUSINESS PLAN OUTLINE**

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Drawing of interior layout  
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Product Photos

Above is an outline for a business plan. The following pages offer detailed information on how to write each section. We tried to include "more" information, as opposed to less. Our hope is that this outline will cause you to think through aspects of your proposed business operation that you may not yet have considered. Depending on the kind of business you are planning, some of the information may not be relevant. Feel free to skip or adapt parts of the plan to fit your business model. The Excel worksheets have been included to assist you in gathering information. You can complete and incorporate them as part of your plan, include them in the Appendix and use the information to write sections of the plan, or skip them entirely. NOTE: Some of these worksheets have been "Protected" in order to retain the formulas. If you need to increase column width, you will have to "Unprotect" the sheet. Click on Excel "Help" to learn how to do this. Cells that require text entry will expand to hold all text that you enter.

### **WHY WRITE A BUSINESS PLAN?**

If you are applying for a loan or planning to attract investors, the business plan is essential to explain what your business is, how you plan to operate the company, and why you believe the business will be successful. Even if you don't require outside financing, outlining the details of the business in the plan can be critical to your success. Writing a business plan forces you to consider and answer tough questions about every aspect of your business.

The business plan serves three purposes.

1. The plan is the owner's "road map" for the business, describing where you are planning to lead your business, and how you plan to accomplish those objectives..
2. The plan serves as a "letter of introduction" to individuals, such as potential key employees, accountants, attorneys, and suppliers, who may be in the position to make decisions that affect your business. The business plan is intended to explain your business to these people and build your credibility.
3. The business plan is your "sales tool" to potential financiers and investors.

The business plan must be written and presented in a professional manner. The narrative should be concise, precise, thorough, and realistic. In presenting your business to others, this plan represents you and your knowledge.

### **COVER PAGE**

List business name and address, and names, addresses, phone numbers, and e-mail addresses of the principals. You may want to also include the logo of the business.

### **TABLE OF CONTENTS**

Include page numbers so your reader can locate specific parts of the plan.

### **I. EXECUTIVE SUMMARY**

Written last, but by far the most important part of your business plan, is the Executive Summary. The text can be as short as one-half page, but should not exceed two pages in length, depending on the complexity of the business. The Executive Summary must sell the business plan to the reader, usually your lender, by highlighting the most important information and insights within the entire business plan. The text should include, but not be limited to, four elements: what you intend to do, how you plan to do it, the resources you need, and how you intend to payback any loans or investments you are seeking.

**Business Description.** Briefly explain whether you are starting-up a new business venture, expanding an existing business, or purchasing an existing business. Explain what the business is selling (manufacturing, wholesaling or retailing a product, processing a product, offering a service, etc.), and how your product/service is unique. Mention the principals involved and briefly mention their qualifications. Also include the business structure you have chosen.

**Method.** Outline who your potential market is and how you intend to accomplish your goals and objectives, or simply how and why you will succeed.

**Resources.** Summarize the resources needed, including your investment, and money to be injected from any other sources, including loan(s) you are seeking. Mention the amounts, terms, and rates you seek.

**Payback.** Summarize your projected profits and available cash flow to show approximate payback periods and **solid** payback ability. Payback is extremely important to a lender.

**Remember** the Executive Summary is written after the rest of the business plan has been completed. The text summarizes the information contained in the following pages of the plan. Your goal is to get the reader's attention and **sell** the business concept. Be enthusiastic, professional, complete, and concise.

## **II. BUSINESS DESCRIPTION**

Describe your business clearly and concisely, summarize what business you will be in and what you will do. (Suggested length: a short paragraph about each heading.)

### **A. The Business**

- You may want to start with a "Mission Statement", explaining the "reason for being" and guiding principles of the business. What is your business philosophy?
- Describe the products to be produced or the services/goods to be provided. What does/will the business do? Explain your business completely, as this information will be the foundation for the balance of the business plan.
- Where is it located? Is location important or irrelevant to your business success?

### **B. History**

- Is your business a start-up, acquisition or expansion?
- What led you to decide to open/expand/purchase this business?

For existing or expanding businesses:

- How and why was the business founded? How long has it been in business?
- How long have you (or the current owner) owned the business?
- What is the growth history? (Sales, volume, customers)

### **C. Vision and Future Plans**

- What is your overall vision of what the business will look like and accomplish once the company is fully developed? What do you predict your business will be doing within the next five years? Briefly describe and justify any future product/service development plans.

### **D. Industry Trends**

- What are the industry trends in your business? Look at international, national, and local trends, if appropriate. Is the market growing or the type of customer changing? Have there been changes in the production processes? Does the demand for your product exceed current supply? Do you anticipate any technological or legal changes that will affect your

business? How will you deal with these changes? Industry trade associations are an excellent source of information on industry trends.

#### **E. Organization and Ownership**

- Is your business a sole proprietorship, partnership, limited liability company, or corporation (C corp or S corp)? Why did you choose that particular organization?
- List the principals of the company, their financial contributions, and the percentage of the company they own.
- If your business is a partnership, corporation, or an LLC, include legal documents (Articles of Incorporation, Partnership Agreement, Operating Agreement, etc.) in the Appendix.

#### **F. Management, Personnel and Advisors**

In essence, a loan or investment is made to the business owners, not the business. Thus, potential lenders or investors will carefully evaluate the knowledge and skills of the owners and key managers. The business plan should emphasize the experience, education, and abilities of the key individuals involved in the business.

- Who will manage the business and what is their background? How is your background relevant to this business venture? Summarize relevant paid and unpaid experience. Attach personal resume(s) in the Appendix. Explain the duties and planned compensation (salary, bonus, profit sharing, etc.) of each manager. Specify any gaps you see in coverage of key management functions. Explain how you will fill these gaps. It is far better to define and identify a weakness, than to pretend it doesn't exist.
- What employees will you have, if any, and what are their job responsibilities and skill requirements? Include their titles and whom they report to in the business. Be sure all duties are described and clearly defined. Address future staffing needs and the current labor pool in your industry. Do not be afraid to discuss possible risks and explain how you will address them. See Job Description below, courtesy of Entrepreneur.com.



Job Description  
Worksheet

- Create a personnel budget. Include job titles, salaries, and hours scheduled. The resulting figures can be copied into your financial spreadsheets. See Personnel Budget Spreadsheet below.



Personnel Budget

- Include information about contract services you will use (laundry, janitorial, bookkeeping, etc.). How much will these services cost?
- List business advisor names, contact information, and expertise (accountant, lawyer, business consultants, mentors, etc.).

### **III. THE MARKETING PLAN**

#### **A. Products/Services**

Clarify exactly what your business offers, and your plans for the business' future direction. (Suggested length: one or two paragraphs.)

- Describe the products and/or services you plan to offer in detail.
- If you are expanding a going business, describe any new products and services you plan to offer in the future. Are they an extension or expansion of your current offerings, or are they completely different? Will they change the definition of your business? Are they add-on offerings for your current customers, or will you be seeking a new market to buy them?
- Explain the features of each product/service and what benefit those features will bring to your customers. Features are what will prompt the public to buy from you. For example, a feature of your business might be free delivery. The benefit of that feature to the consumer will be convenience.
- What makes your product/service unique – or – how is your business different from others in the industry? How will you attract, hold and increase market share?
- Provide information on any patents, trade secrets, or other technical advantages you have over the competition.
- Will your products be subject to limited life cycles (i.e. the VCR vs. DVD players)? If so, how will you deal with that problem?
- Will you offer any product or service guarantees/warranties? If so, explain the terms.
- Is there seasonality to your business? If so, explain and discuss how you will handle uneven seasonal cash flow.
- Describe your future growth plans.
- Add any other information about your product or services you think is important.

#### **B. Market Analysis**

Describe your target market. Who are the people currently buying or most likely to buy your products and services. Is your market a specific segment of the population, or the entire population in general? What are the size, location and characteristics of your potential market? If you have more than one target market, please describe each market. For greatest success, you want to focus your marketing efforts on individuals or organizations that are your best customers. (Suggested length: one or two paragraphs for each target market.)

For products and services aimed at consumers:

- Describe their general characteristics (demographics). How old are they? What sex are they? Where do they live and work, and what is their income level? What other characteristics do they share? What are their lifestyles, interests, beliefs? For new businesses, this information may be available from your industry trade association.
- Describe your market's behavior patterns and attitudes (psychographics). Where do they shop? What do they read? What else do they buy? For new businesses, this information may be available from the Wyoming Market Research Center or your industry trade association.
- How large is your market? Provide some numerical estimates based on research. How many customers you expect to serve each week or each month? How often will they buy? How much will they spend? Is the market growing or shrinking? This information is very important as the basis of your sales volume forecast. Consult the U.S. Economic Census for information on gross sales of establishments in your industry located in your area. [WyomingEntrepreneur.Biz](http://WyomingEntrepreneur.Biz) can also help you find this information.

- Describe possible future market expansion. Generally, a business can expand its market reach either by adding new products or services, increasing sales/marketing efforts, or expanding into new geographic areas.

For products and services aimed at businesses:

- Describe the characteristics of these businesses. What size are they (employees, sales)? Where are they located? What industries do they represent? What other characteristics do they share?
- Describe their shared behavior patterns. What do they buy now? From whom? How do they buy similar services?
- How large is your market? Provide some numerical estimates based on market research. Provide information on the number of customers you expect to serve each week or each month. How often will they buy? How much will they spend? Is the market growing or shrinking? This information is very important as the basis of your sales volume forecast. Consult the U.S. Economic Census for information on gross sales of establishments in your industry located in your area. [WyomingEntrepreneur.Biz](http://WyomingEntrepreneur.Biz) can also help you find this information.
- Describe other markets you want to access in the future.

### **C. Competitive Analysis**

Describe the competition, both direct and indirect. Direct competitors are businesses offering products and services similar to yours. Indirect competitors are businesses offering products and services that are substitutes for yours. Your goal is to identify others competing for the same market, get ideas about good practices you should adopt, and avoid competitors' errors. Competition is not a bad thing. Being unable to identify or differentiate yourself from the competition is!

- Analyze your competition. List your competitors. Compare their products and services, prices, quality, advertising, management, location, customer service, marketing, reputation and image, etc. to your planned business. What special features and benefits do they offer? Think about how you will compete. What is the income level of their customers? Are your competitors large chains or small independent businesses? Be honest. Your new business will not be "the best" in every aspect. Do not forget internet and catalogue competitors.
- Describe indirect competition to your products and services. Who specifically offers them? What do they charge? What special benefits do they offer?

**EXAMPLE OF INDIRECT COMPETITION:** A movie theater competes directly with other movie theaters. The theater is also competing indirectly with television, movie rental stores, and other kinds of entertainment, such as bowling alleys, live theater, paintball, bars, etc.

Use the worksheet below to analyze your competition.



Competitive Analysis  
Worksheet

### **D. Location Analysis**

- What part will your location play in attracting customers? Do a Location Analysis to examine the pros and cons of potential locations. Look at parking, public transportation, image, proximity to competitors, zoning, space for expansion, electric capacity, visibility, etc. Will your location be convenient to receive supplies and to distribute your finished products? Use the worksheet below to analyze your location.



Location Worksheet

#### **E. Pricing Scheme**

- What is the cost of your product/service? What is the price of your product/service? On what basis did you decide on this profit margin? Are there different margins for different products/services? If so, why? How many units, what sales volume is necessary, or how many billing hours are needed, to break-even each month?
- Describe how your prices compare to your competitors'?
- Is the market ready to pay your prices, and are they consistent with your product quality, image and marketing strategies?

#### **F. Sales Volume Potential**

- Utilize market research sources to determine your potential sales volume. Economic Census figures and industry trade resources should help you to make this prediction. Your sales volume must be greater than your expenses, including your salary, or the business will not be worth doing. Don't forget to consider seasonal sales variations in your prediction. Use the worksheet below to help figure your sales volume.



Sales Forecast  
Worksheet

#### **G. Marketing Strategies**

Present a clear and concise picture of how you plan to market/sell your product/service and how these strategies will produce profits. The marketing strategies that you use will depend on the results of the previous sections. Once you know who and where your customers are, you can decide how to best reach them. Describe your marketing strategies: where you fit in the marketplace; how you plan to package your products and services; how you plan to distribute them; and how you will advertise, promote, and sell them. Present a specific plan detailing how you will reach your market and sell your product. You also need to include a marketing/advertising budget to finance your plan. (Suggest length: one or two paragraphs about each main target area.)

##### **Positioning**

- Briefly compare your products' prices, quality, and special features, your image and location, and the income level of your customers to your competitors. Explain where your products/services "fit" within your industry.
- How will you address the needs of your customers better than you competition? Be specific and certain.

##### **Packaging**

- List all the ways you present your products and services in the marketplace.
- What image will you convey? Is your image consistent with your positioning? Are your brochures, business cards, advertising, location, interior décor, product packaging, and other methods of presenting your products consistent with the markets you serve?
- Are there unique aspects to your packaging that will benefit your consumers (easy open, self-store, easy ship, etc.)?



### Distribution

- List the methods you will utilize to get your products to your customers.
- What are the requirements for each distribution method? Include both your requirements and those of any intermediaries.
- What will distribution cost your company?

### Promotion, Advertising, and Direct Selling

- Describe how your market will learn about your products and services. Include your plans in terms of advertising, direct sales, and public relations methods. Include a budget for these activities. Advertising costs generally depend on frequency, reach, and ad size.
- How many people can you reach with each method? Will it be cost effective?
- Include a specific plan. When do you plan to accomplish each step of the marketing plan? What are the sales goals connected with each marketing strategy? How much will each medium cost? If your plan is very long, place your advertising schedule and budget in the Appendix. Use a short explanation here, referring readers to that section.
- What will you do if your marketing ideas don't work? List any other strategies you plan to use in the future.

Use the worksheet below to plan your marketing schedule and budget.



Marketing Budget/  
Schedule Worksheet

### Customer Service

- As a component of your marketing strategy, how will you handle complaints?
- How will you handle returns?
- What “extra” customer services will you offer in order to better your competitive advantage? Consider – free delivery, extra opening hours, special previews for special customers, free shipping, free shipping on returns, gift wrap, etc.

## IV. THE OPERATIONS PLAN

This part of the business plan varies greatly, depending on the type of business you are in. Operations will not have to be very detailed for a one-person service industry. For a retail business, the operations plan will vary, depending on size, number of products and services offered, types of products, and complexity of the business. A manufacturing business may require a detailed explanation of the manufacturing, sales and distribution processes. Think about functions such as, opening and closing the business, handling bank deposits, keeping inventory levels current, and flow of work from one employee to another. Remember, the reader may not have the time or the capabilities to understand the fine details of the operation. Thus, condense this section and refer readers to a longer, more detailed explanation in the attachments section.

### A. Implementation Plan

- Explain the tasks and events which must first be accomplished to implement the business plan. You can use a list format, including completion dates and responsible parties, if applicable. Examples of objectives might include complete business plan, obtain financing, sign lease, order furniture and fixtures, order inventory, hire employees, etc.

### B. Materials & Sources of Supply

- What are the materials, supplies, and/or products needed to produce your finished marketable product/service? Include an inventory list, detailing suppliers and prices either in this section or in the Appendix.
- Briefly discuss your suppliers. Do you have alternative suppliers in case of a problem with one supplier? Do your suppliers have reasonable prices and reliable delivery? Will they extend credit to you?

### **C. Methods of Production (Manufacturing)**

- Describe the production process and the specific tasks required to make your product. Discuss the necessary work space and tools, the labor involved in production, and the amount of production and lag time for each stage.
- How will you monitor quality?

### **D. Methods of Production (Sales/Operations) (Retail)**

- Describe the basic set-up of your business. What hours will you operate? Will your hours be convenient for your target market? Will your labor/hours be cost effective? What special items or services will be required in order to reach your target market (displays, samples, etc.)? Will these methods be cost effective?
- Can you and how will you monitor safety, employees, and the sales processes discussed in your plan?
- Do you have alternative or back-up plans? Can they be implemented in a satisfactory manner?
- 

### **E. Recordkeeping**

- Identify the financial activities of your business that require recordkeeping (accounts payable, accounts receivable, payroll, inventory, etc.) and explain how you will record and store this information.
- Many businesses will have other recordkeeping requirements that may involve safety, maintenance, personnel, or other legal issues. Identify these areas and explain how these records will be maintained.
- Determine how often each task must be performed and who will be responsible for each task.

### **F. Risk Management**

- What insurance coverage will you carry? Why? What are the limits? What are the costs?
- What other risks might your business encounter in the future and how will you handle them? Consider the following possibilities. Safety issues? Lack of employees to run the business? Poor cash flow? No business? Natural disasters. Personal health problems.

### **G. Legal Issues**

- Are there specific permits or licenses that you must obtain that are specific to your industry? If so, explain what they are and your current progress in obtaining them. Are there any legal issues that may become pertinent to your operations in the future, either due to new legislation or expansion?

## **V. THE FINANCIAL PLAN**

The purpose of this section is to attach dollar figures to the plan you've presented. Cash flows are the crux of this section. They help you understand the cyclical nature of your business so you can plan for months when the business may need additional cash. Financial statements allow benchmarking the potential results of your business against the results of other businesses in your industry to assess your risk. If the reader has not yet decided whether to invest in your business, strong pro forma financial figures will be necessary to persuade him/her. You should provide explanations about how you arrived at your figures. The financials will indicate whether you can make a profit in this business and whether the business will be a good investment for others. You must understand your figures and be able to defend them.

### **A. Investment Required**

- Purpose of the loan.
- Loan amount requested.
- Break-down specific uses of the loan funds. (break-down by physical plant, property, equipment, inventory, operating expenses, etc.)
- Source and timing of repayment.
- Owner cash/equipment injection into the business.
- Collateral which you will use to secure the loan.

**NOTE:** The information below explain the financial spreadsheets you need to complete. To finish the Business Plan, please download and fill-in the Excel Financial Spreadsheets Workbook that accompanies this outline. These spreadsheets will become part of your business plan and should be submitted, along with the text.

### **B. Budgets**

In order to determine how much money you need to start-up, purchase or expand a business, you need to carefully estimate your expenses. The Start-up and Operating Budgets included in the workbook will provide the foundation for the rest of the financial spreadsheets.

### **C. Cash Flow Projections**

- Cash flow projections forecast the flow of income and expenses over a period of time. If your business is new, you will need to do at least one year of monthly projections. The following two years can be projected by year. (Some readers will require monthly projections up to break-even point. Be prepared to present monthly for up to three years.)
- An integral part of your projections is the assumptions you made to predict each number on the projection worksheet. Be sure to explain each assumption, either below the figures on your spreadsheet or on a separate attached page. Do not adjust the figures to fit your needs to meet break-even or show a profit. Be realistic and be somewhat conservative in your estimates, to reduce the chances of setting yourself up for failure.
- Figuring cash flow by month will show the month(s) of greatest negative cash flow so that you understand how much money you need to operate and when you will need it. Be sure to request enough financing up-front to get you through the year. Consider utilizing a line of credit to equalize cash flow during slow months.

### **D. Financial Statements**

- Present the latest available balance sheets. Most readers require that they are not more than 90 days old. Also, create a balance sheet after a large loan injection has taken place and show the purchase of assets, inventory, etc. done with that injection.

- An income statement (profit & loss) shows how your net assets have increased or decreased as a result of sales. Be realistic. Don't customize them to show breakeven or profit that doesn't exist.
- Break-even point is important to the reader. How many clients, or billing hours, or monthly sales must you realize to break-even? Can you break-even before you invest too much money to ever recover costs and provide an acceptable return? Investors expect to have their principal paid back, plus earn a portion of your profits, in return for the risk they have assumed. If the profit potential doesn't appear larger than the risk potential, don't expect any investor interest.

## **APPENDIX**

This section of your business plan should contain detailed information that backs-up the assertions in your plan. Most readers do not have either the time or the interest to dwell on small details. However, someone interested in financing your business venture, may wish more information than you have presented in the narrative. This is why the organization, presentation, and the reference in the narrative to these attachments is very important.

Providing additional information through attachments will clarify or strengthen parts of the narrative. Include information such as pictures, maps, resumes, legal documents, market research reports, etc.

Remember, your business plan is a reflection of you. This plan does not have to be fancy, but should demonstrate your organizational and planning skills. You own the facts and figures in the plan. You should know how they were derived, be able to defend them, and know how you are going to operate the business in order to meet your projected goals. This is your first step for success. If you need assistance seek help. Good luck!